

## Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 /017 W  
----- 034221

R 160400Z APR 75  
FM AMEMBASSY KABUL  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 2168

UNCLAS KABUL 2346

E.O. 11652: N/A

TAGS: BMEP, AF

SUBJ: MAJOR EXPORT PROJECT: TEN INDUSTRIAL PROJECTS; INDUSTRIAL  
DEVELOPMENT COMPANY JOINT VENTURE

REF: KABUL 7828 OF DECEMBER 12, 1974 ET SEQ.

1. SUMMARY. ENGINEER TOUFIQI, INVESTIGATING POSSIBILITY OF  
JOINT VENTURE CONSTRUCTION FIRM TO PROVIDE LOCAL PORTION OF  
CONSTRUCTION OF MAJOR INDUSTRIAL PROJECTS, HAS UPGRADED  
DISCUSSION WITH INTERNATIONAL ENGINEERING CO. (IECO) REP  
IN AFGHANISTAN TO FORM INDUSTRIAL DEVELOPMENT COMPANY TO  
TAKE OVER LARGE PART OF INDUSTRIAL DEVELOPMENT WORK.  
END SUMMARY.

2. EMBOFF REQUESTED BY TOUFIQI TO PROVIDE NAMES OF U.S.  
COMPANIES HE MIGHT CONTACT TO DISCUSS POSSIBLE JOINT VENTURE  
WITH MINISTRY OF MINES AND INDUSTRIES TO FORM CONSTRUCTION  
COMPANY WHICH WOULD SUBCONTRACT LOCAL CONSTRUCTION UNDER  
VARIOUS INDUSTRIAL PROJECTS LISTED REFTEL. AMONG NAMES  
PROVIDED WERE THOSE OF FISHBACK-MOORE AND IECO (A MORRISON-  
KNUDSEN CORP. SUBSIDIARY) CURRENTLY BUILDING POWER PLANT AT  
KAJAKAI DAM IN AFGHANISTAN. TOUFIQI TRAVELLED TO DAM SITE TO  
DISCUSS PROPOSAL WITH PROJECT ENGINEERS OF BOTH COMPANIES.  
DURING THOSE DISCUSSIONS, HE SUBSTANTIALLY UPGRADED HIS PROPOSAL,  
AND IS NOW ENGAGED IN DISCUSSIONS WITH IECO REP TO FORM AN  
"INDUSTRIAL DEVELOPMENT COMPANY" JOINT VENTURE WHICH WOULD  
ACT AS PRIMARY DESIGNER, CONTRACTOR, SUPERVISOR, OPERATOR,  
AND OVERALL PLANNER OF NEW INDUSTRIAL PROJECTS, AND POSSIBLY  
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ALSO TRANSPORTATION AND AGRICULTURAL PROJECTS. THE SCOPE OF

THE CURRENT PROPOSAL SOUNDS MUCH LIKE IDEAS VOICED EARLIER BY TOUFIQI FOR THESE PROJECTS AND IN MINISTRY OF PLANNING FOR OVERALL DEVELOPMENT SCHEME, WHICH THE EMBASSY HAD BELIEVED WAS SCRAPPED.

3. ROBERT RUFF, PROJECT MANAGER FOR IECO ON THE KAJAKAI PROJECT, DELIVERED TO EMBOFF A LETTER FROM TOUFIQI WHICH WAS A COPY OF LETTER OF INTENT TO IECO STATING THAT THE MINISTRY OF MINES AND INDUSTRIES "IS INTERESTED IN FORMING A COMPANY IN OZVNAD VENBURE WITH (IECO) FOR THE PURPOSE OF PERFORMING PLANNING, ENGINEERING, CONSTRUCTION, MANAGEMENT, AND TRAINING IN CONNECTION WITH THE OVERALL INDUSTRIAL DEVELOPMENT OF AFGHANISTAN". TOUFIQI HAS SHOWN RUFF A LETTER FROM THE PRIME MINISTER'S OFFICE GIVING TOUFIQI AUTHORITY TO FORM SUCH A JOINT VENTURE COMPANY AND AN INITIAL BUDGET OF US \$10 MILLION FOR THE COMPANY. IECO HAS BEEN REQUESTED TO DRAFT "STATUTES" FOR THE INCORPORATION OF SUCH A COMPANY, AND TO SEND A TEAM OUT FOR NEGOTIATIONS ASAP. DETAILISOF RUHNGRS DISCUSSION WITH TOUFIQI WILL FOLLOW IN INTERESTED PARTY SEPTTEL TO IECO HEAD OFFICES. RUFF HAS BEEN IN TELEPHONE CONTACT WITH COMPANY OFFICERS WHO ARE CLEARLY INTERESTED.

4. THIS PROPOSAL IS APPARENTLY BEING CONDUCTED ON "SOLE SOURCE" BASIS, BECAUSE OF IECO'S (AND PARENT COMPANY M-K'S) EXTENSIVE EXPERIENCE IN AFGHANISTAN. ACCORDING TO RUFF, TOUFIQI HAS CONCLUDED HIS OFFICE IS INCAPABLE OF SORTING OUT VARIOUS PROPOSALS, AND WANTS TO TURN BULK OF WORK OVER TO CONSULTANTS IN JOINT VENTURE COMPANY. IT IS UNCLEAR TO WHAT EXTENT THIS PROPOSED COMPANY WILL UNDERTAKE COMPLETE PROJECTS OR WILL SUPERVISE OTHER CONTRACTORS FOR SEPARATE PROJECTS, BUT THIS MUST BE NEGOTIATED WITH IECO TEAM WHEN IT ARRIVES. TOUFIQI IS NOT RPT NOT INTERESTED IN HAVING THIS PROPOKSAL PUBLICIZED AT THIS TIME AS AN OPPORTUNITY, BUT EMBASSY WILL FOLLOW CLOSELY, BOTH BECAUSE IECO MAY BACK OUT, CREATING OPPORTUNITY FOR OTHER U.S. FIRMS, AND BACAUSE SCOPE OF WORK OF PROPOSED COMPANY WILL STRONGLY EFFECT OPPORTUNITIES FOR OTHER COMPANIES ON INDIVIDUAL PROJECTS.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 APR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975KABUL02346  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Line Count:** 98  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 KABUL 7828, 75 OF DECEMBER 12, 75 1974  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 NOV 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24 NOV 2003 by MaustMC>; APPROVED <30 DEC 2003 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MAJOR EXPORT PROJECT: TEN INDUSTRIAL PROJECTS; INDUSTRIAL DEVELOPMENT COMPANY JOINT VENTURE  
**TAGS:** BTIO, AF  
**To:** COM  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006